

Message Text

LIMITED OFFICIAL USE

PAGE 01 GENEVA 11414 021645Z
ACTION STR-05

INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 FEA-01 AGRE-00
CEA-01 CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01
INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01
CTME-00 AID-05 SS-15 ITC-01 TRSE-00 USIA-06
PRS-01 SP-02 OMB-01 XMB-02 OPIC-03 AF-10 ARA-10
EA-10 NEA-10 OIC-02 /148 W
-----034083 021832Z /43

P 021437Z DEC 77
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 3646
INFO AMEMBASSY VIENNA

LIMITED OFFICIAL USE GENEVA 11414

USMTN

PASS STR FOR ACTION

E.O. 11652: N/A
TAGS: ETRD, MTN, AU
SUBJECT: AUSTRIAN VIEWS ON TARIFF HYPOTHESIS

1. US DEL (MCNAMARA, HAMERSCHLAG) HAD INFORMAL DISCUSSION AT LUNCH DECEMBER 1 WITH AUSTRIAN DEL (WILLENPART, SEGALLA) ON TARIFF HYPOTHESIS AND JANUARY 15 TABLING DATE. WILLENPART, WHO HOSTED LUNCH, WAS ANXIOUS TO HAVE LATEST U.S. VIEWS TO AID AUSTRIAN PREPARATIONS FOR JANUARY 15, AND WANTED OPPORTUNITY TO DISCUSS AUSTRIA'S SPECIAL PROBLEMS IN THE TARIFF FIELD.

2. WILLENPART EXPRESSED AUSTRIA'S RELUCTANCE TO ENGAGE IN ACROSS-THE-BOARD TARIFF-CUTTING BECAUSE OF ITS BELIEF THAT RECIPROCITY NOT POSSIBLE IN VIEW OF THE MAJOR ROLE PLAYED BY EASTERN EUROPEAN COUNTRIES IN AUSTRIAN IMPORTS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 GENEVA 11414 021645Z

HE NOTED 70 PERCENT OF AUSTRIA'S TOTAL TRADE WAS WITH EC AND EFTA PARTNERS, WITH WHOM AUSTRIA NOT NEGOTIATING IN MTN, WHILE ABOUT HALF OF REMAINING 30 PERCENT IS WITH EASTERN EUROPE. EE'S RECEIVE MFN TARIFF TREATMENT IN AUSTRIA STEMMING FROM AUSTRIA'S OBLIGATIONS TO THE USSR IN THE STATE TREATY. HE STATED IT HAS BEEN IMPOSSIBLE FOR AUSTRIA TO GAIN ANY SIGNIFICANT CONCESSIONS IN TARIFF-

CUTTING DEALS WITH THE STATE-CONTROLLED ECONOMIES OF EASTERN EUROPE. THE PRESENT FRAGILE STATE OF THE AUSTRIAN ECONOMY ONLY COMPOUNDS THE PROBLEM. AUSTRIA IS NOT INTERESTED IN OTHER TYPES OF CONCESSIONS FROM EE'S SUCH AS BUSINESS FACILITATION ARRANGEMENTS. WILLENPART ACKNOWLEDGED THAT AUSTRIA WAS A LINEAR COUNTRY IN THE KENNEDY ROUND (KR), DEALING WITH THE PROBLEM BY TAKING AMPLE EXCEPTIONS IN THOSE AREAS OF PARTICULAR IMPORTANCE TO EASTERN EUROPEAN COUNTRIES. HOWEVER, 40 PERCENT DEPTH OF CUT COMMITMENT IN TARIFF WORKING HYPOTHESIS WOULD NOT PERMIT AUSTRIA TO FOLLOW ITS KR APPROACH.

3. WILLENPART WAS GLAD TO HAVE OUR ASSURANCES THAT THE EC AND THE U.S. WERE ACTUALLY IN AGREEMENT TO TABLE TARIFF OFFERS ON JANUARY 15 USING THE HARMONIZATION WORKING HYPOTHESIS. AFTER A FURTHER DISCUSSION OF THE CURRENT STATE OF PLAY, WILLENPART RELUCTANTLY EXPRESSED THE VIEW THAT AUSTRIA WOULD PROBABLY HAVE TO TABLE ITS OFFERS USING THE HYPOTHESIS BUT WITH A GENERAL RESERVATION THAT SATISFACTORY GLOBAL RECIPROCITY MUST BE ACHIEVED BY AUSTRIA. THE IMPLICATION WAS THAT AUSTRIA WOULD PROBABLY ONLY OBTAIN THIS RECIPROCITY BY EVENTUALLY MAKING SUBSTANTIAL EXCEPTIONS OF ITEMS, LARGELY OF INTEREST TO EASTERN EUROPE, IN MUCH THE SAME WAY AS IN THE KR.

4. THE U.S. STRESSED THE IMPORTANCE OF AUSTRIA NOT LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 GENEVA 11414 021645Z

BREAKING RANKS WITH THEIR EFTA PARTNERS WHO WILL BE HYPOTHESIS COUNTRIES. WE POINTED OUT THAT EVERY COUNTRY WILL HAVE TO ASSESS RECIPROCITY TOWARD THE END OF THE NEGOTIATIONS, AND THAT THE GENERAL RESERVATION OF RECIPROCITY GROUNDS WHICH AUSTRIA MIGHT WISH TO TAKE WAS IMPLICIT IN ALL COUNTRIES' OFFERS ON JANUARY 15.

5. DEL COMMENT: WHILE IT IS OBVIOUS THAT AUSTRIA HAS NO ENTHUSIASM FOR THE HYPOTHESIS APPROACH TO TARIFF-CUTTING, WE BELIEVE IT LIKELY THAT AUSTRIA WILL TABLE SUCH AN OFFER ON JANUARY 15 ACCEPTING THE HARMONIZATION APPROACH. THIS DECISION WILL BE DICTATED BY AUSTRIAN DESIRE NOT TO BE ISOLATED FROM THEIR EFTA PARTNERS AND TO AVOID ANY POLITICALLY EMBARRASSING PUBLIC SCENE WITH EASTERN EUROPEAN COUNTRIES (WHICH DO, AFTER ALL, PROVIDE A TRADE SURPLUS TO AUSTRIA). HOWEVER, SHOULD THERE BE THE SLIGHTEST SIGN OF WEAKENING ON THE PART OF THE NORDICS OR SWITZERLAND WITH REGARD TO TABLING ON JANUARY 15, IT CAN BE ASSUMED THAT THE AUSTRIANS WILL QUICKLY FOLLOW THEIR LEAD. IN VIEW OF THE FRAGILE NATURE OF AUSTRIA'S POSSIBLE ADHERENCE TO A FORMULA APPROACH, WE INTEND TO KEEP CLOSE TOUCH WITH ITS DELEGATION. SOME PRODDING IN

WASHINGTON AND VIENNA MIGHT ALSO BECOME NECESSARY TO KEEP
THE AUSTRIANS IN LINE.

6. DRAFTED BY HAMERSCHLAG. MCDONALD

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, TARIFFS, GOVERNMENT REACTIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 02-Dec-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977GENEVA11414
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770447-1198
Format: TEL
From: GENEVA USMTN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t197712101/aaaadhtn.tel
Line Count: 120
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 4edacefb-c188-dd11-92da-001cc4696bcc
Office: ACTION STR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 106260
Secure: OPEN
Status: NATIVE
Subject: AUSTRIAN VIEWS ON TARIFF HYPOTHESIS
TAGS: ETRD, AU, MTN
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/4edacefb-c188-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009